



STATE BOARD OF EQUALIZATION

1020 N STREET, SACRAMENTO, CALIFORNIA
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DOUGLAS D BELL
Executive Secretary

May 8, 1985

TO COUNTY ASSESSORS,
COUNTY COUNSELS,
AND OTHER INTERESTED PARTIES:

No. 85/59

NOTICE OF PROPOSED REGULATORY ACTION
BY THE
STATE BOARD OF EQUALIZATION

RULE 461, Real Property Value Changes

PUBLIC HEARING: June 25, 1985

NOTICE IS HEREBY GIVEN that the State Board of Equalization, pursuant to the authority vested by Section 15606 of the Government Code, and to implement, interpret, or make specific Article XIII A, Sections 1 and 2 of the California Constitution, proposes to amend Rule 461 in Title 18 of the California Administrative Code, relating to property tax.

PUBLIC NOTICE: Notice is further given that a public hearing relevant to this action will be held in Room 102, Consumer Affairs Building, 1020 N Street, Sacramento, California, at 2:00 p.m., on June 25, 1985. Any person interested may present statements or arguments orally or in writing at that time and place.

INFORMATIVE DIGEST: The amendment to Rule 461, subdivision (a) adds a statement that there are certain exceptions to the general rule that real property shall be reappraised if purchased, newly constructed, or if it changes ownership. Rule 461, subdivision (a) is also amended to delete a redundant definition of the term "purchase" of real property. Rule 461, subdivision (d) is amended to replace the term "tax year" with the term "fiscal year".

ESTIMATE OF COST OR SAVINGS: The State Board of Equalization has determined that the proposed change does not impose a mandate on local agencies or school districts. Further, the Board has determined that the change will result in no direct or indirect cost or savings to any State agency, any local agency or school district that is required to be reimbursed under Section 2231 of the Revenue and Taxation Code, or other non-discretionary cost or savings imposed on local agencies, or cost or savings in Federal funding to the State of California.

The cost impact on private persons or businesses will be insignificant. This proposal will not have a significant adverse economic impact on small businesses.

WRITTEN COMMENTS: Written statements or arguments will be considered by the Board if received by June 25, 1985; they are requested by June 11, 1985. Please send comments to Janice Masterton, Regulation Coordinator, at 1020 N Street, Sacramento, California 95814.

STATEMENT OF REASONS; EXPRESS TERMS; RULEMAKING FILE: The Board has prepared a statement of reasons and a strike-out and underscore version (express terms) of the proposed changes. Both of these documents are available to the public upon request. The rulemaking file is available for public inspection at Room 128, 1020 N Street, Sacramento, California.

STAFF MEMORANDA AFTER PUBLIC HEARING OR REVISIONS TO PUBLISHED VERSION OF THE REGULATION: In the event there are any staff memoranda included in the rulemaking file after the close of the public hearing, these memoranda will be available to the public upon request from Mrs. Masterton for a period of 15 days after the public hearing.

In the event there are any revisions sufficiently related to the published version of the rule, these revisions will be available to the public from Mrs. Masterton for a period of 15 days before adoption.

Following the hearing, the State Board of Equalization, upon its own motion, or at the request of any interested person, may in accordance with law adopt the changes proposed without further notice.

INQUIRIES

CONTENT

Questions regarding the content of the regulation should be directed to Gordon P. Adelman, Assistant Executive Secretary, Property Taxes, (916) 445-1516, at 1020 N Street, Sacramento, CA 95814.

HEARING

Written comments for the Board's consideration or requests to present testimony and bring witnesses to the public hearing should be directed to Janice Masterton, Assistant to Executive Secretary, (916) 445-6479, at the same address.

STATE BOARD OF EQUALIZATION

Douglas D. Bell

Douglas D. Bell
Executive Secretary

Rule 461. REAL PROPERTY VALUE CHANGES.

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Reference: Article XIII A, Sections 1, 2, California Constitution.

(a) Section 2 of Article XIII A of the California Constitution provides that real property shall be reappraised if purchased, newly constructed (Section 463) or a change in ownership occurs (Section 462) after the original base year/ with

certain exceptions. ~~A purchase is any transfer of~~

~~title or right to the use, occupancy, possession or profit-a-prendre of real property, or portion thereof,~~

~~for a consideration.~~

(b) Unless otherwise provided for in this chapter or by statute, real property which was not subject to valuation in a prior base year as required by law shall be appraised at full value for each year it should have been so valued and an escape assessment shall be added to the roll for the current fiscal year or to the roll being prepared at the time of discovery in accordance with the provisions of Section 531.2 of the Revenue and Taxation Code.

(c) The prior year taxable value of real property, or portion thereof, physically removed from the site shall be deducted from the property's prior year taxable value, provided that such net value shall not be less than zero. The net value shall be appropriately adjusted to reflect the percentage change in the cost of living and then compared to the current lien date full value to determine taxable value which shall be the lesser of the two values.

(d) For the tax year fiscal year 1979-80 and tax years fiscal years thereafter the assessor shall prepare

an assessment roll containing the base year value appropriately indexed or the current lien date full value, whichever is less. Increases and decreases in full cash value since the previous lien date shall be reflected on the roll except that taxable value shall never exceed base year value appropriately indexed. Property restored following damage caused by a misfortune or calamity is to be valued pursuant to subsection (e) and not this subsection. In preparing such rolls the assessor is not required to make an annual reappraisal of all assessable property.

Declines in value will be determined by comparing the current lien date full value of the appraisal unit to the indexed base year full value of the same unit for the current lien date. Land and improvements constitute an appraisal unit except when measuring declines in value caused by disaster, in which case land shall constitute a separate unit. For purposes of this subsection fixtures and other machinery and equipment classified as improvements constitute a separate appraisal unit.

When the current full value of property is less than its base year full value indexed to the current lien date, the full value shall be enrolled as the current taxable value.

(e) The taxable value of real property damaged or destroyed by a misfortune or calamity is to be adjusted in accordance with the Revenue and Taxation Code. If the property is restored, the assessor shall on the lien date following restoration enroll it at its former value plus the appropriate inflation adjustment, unless:

1. The full value of the restored property as of the lien date is less than the indexed base year full value in which case the lower value shall be enrolled as the new base year value, or

2. It is determined that new construction has occurred in which case the property's value shall be enrolled as provided in Section 463.

History: Adopted June 29, 1978, effective July 3, 1978

Amended September 26, 1978, effective October 2, 1978

Amended January 25, 1979, effective March 1, 1979. Applicable to assessments for 1979 and years thereafter

Amended August 16, 1979, effective August 22, 1979. Amended (a), (b), (c), (d), and (e) (1).

Amended November 13, 1979, effective December 6, 1979. Amended (a)